LNG Shipping Market

September 2019

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LNG Shipping Market – September 2019

- Current LNG Chartering market
- Mid-term outlook for LNG carriers
Spot Charter Rates

Sources: Fearnleys

Note:
Spot rates are down 10%, mid-term rates are up 18-27% (YoY)

*January-August Period

TFDE 155-165km³ - Spot, 1 year TC, 3 years TC

Sources: Fearnleys

Note:
Shipping demand growth held back by trade distance in 2019

Year-on-Year Change

<table>
<thead>
<tr>
<th>Period</th>
<th>Jan-Aug 2018</th>
<th>Jan-Aug 2019</th>
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</thead>
<tbody>
<tr>
<td>LNG delivered</td>
<td>10.3%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Distance</td>
<td>3.6%</td>
<td>5.6%</td>
</tr>
<tr>
<td>TonneMiles</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Sources: Fearnleys

Note: Including reloads. Distance and LNG delivered excludes Yamal's transhipments in Norway.
Asian inter-basin demand is finally growing vs 2018

Sources: Fearnleys

Note: net imports to Asia from non-Asian regions.

Call for inter-basin cargoes improving but don’t expect a differential similar to 2018 vs 2017
Expectation of weak LNG prices in winter

Gas Prices

- US Henry Hub
- US Forward
- Europe Reference
- Europe Forward
- Asian Reference
- Asia Forward

Sources: tullett prebon September

Note:
All eyes on floating vessels end-September and October

Floating Laden LNG Carriers
Looking ahead – More LNG needs more carriers!

New Liquefaction Capacity (MTPA) vs LNG Export Growth (MT)

Next LNG wave still open, potentially more FIDs

Sources: Fearnleys
Note:
Final Remarks

- Despite record volume growth, spot LNG shipping slowed down in 2019 due to weak trade pattern.

- Some rate improvement expected in Q4 but LNG prices not supportive. The need to float LNG could dry up vessel availability.

- LNG carrier market expected to be relatively balanced to tight in next years. Shipping rates will also benefit from rebalanced product market.